



Innovative Computer, Networking and Peripheral Solutions

NETWORKING SYSTEMS, INC.

Friday, March 29, 2002

Before the
Federal Communications Commission (FCC)
Washington, D.C.

In the Matter of:
Notice of Proposed Rule Making Order FCC 02-08
(Schools and Libraries Universal Service)
CC Docket No. 02-06

Respectfully Submitted by:
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Integrity Networking Systems, Inc. is a 10-year-old minority woman owned small business. We have offices in Tucson, AZ, Albuquerque, NM and Colorado Springs, Co. We offer customized network solutions, network management and consulting to a wide variety of clients. We have worked with schools in Arizona, Colorado, Kansas, New Mexico and Texas with the e-Rate program since its inception. During that period we have helped more than 100 schools with the filing as well as the follow on to the program to collect the monies that have been approved.

With that background information, Integrity Networking Systems, Inc. submits the following comments in response to the proposed rule changes:

Eligible Services

We applaud the attempt of the SLD to streamline the approval process for goods and services supplied via the e-Rate program. We have concern however about the administrative burden that may be necessary to maintain the list, the approval process needed for adding items to the list and the services that can be approved but only if used in certain ways. The existing list of services that is updated fairly frequently has been a tremendous tool used by us in advising clients. When questionable areas develop we call the staff and ask for clarification. The process works. We strongly support the suggested modification to supplement the existing process but not as a replacement to that process

Wide Area Networks and Wireless Technology

Since the beginning of the e-Rate program, there have been many changes in the WAN and Wireless offerings available to Schools and Libraries. The program is entering its fifth year and is funded today at the same level that it was funded at inception. While technology has made a number of improvements that have reduced prices significantly, certain rules prevent taking advantage of those economies. Wireless in the WAN is one of those areas. There currently should be no attempt to simply replace the Carrier in all places but there certainly are a number of options now available at significantly less cost that is offered today. The example of a high bandwidth link running say 1,000 meters on a wireless link at today's prices is a method that can now be used to stretch the

monies available in the program. That link would in many cases be less than it would cost for a T1 to cover the link for one year from a carrier. We would also suggest that consideration should be given to increase this to a higher priority and make it available to other than the Carrier suppliers. Leasing this for a term of up to five years would more than likely provide the required links at a higher speed yet at a fraction of the cost of a T1 link.

We strongly suggest that the FCC consider a modification that allows vendors to install short distance high-speed wireless links to connect buildings, campuses or to run the "last mile" for Internet Access. We further encourage moving this from Internal Wiring to a Priority 1 or 2 and to open this up to vendors other than Carriers.

Voice Mail

There is little question that voice mail is not required by the educational process. There will be entities that can dream up instances that they will claim absolutely require the funding of voice mail. The truth of the matter is that in most instances the voice mail part of a telephone system is included as a basic part of the systems. Many if not most of the vendors include this as a part of their "Starter Systems". For that reason it is probably more cost effective to allow the option to be funded than the expense involved editing the feature out. Careful attention should be noted to the prices charged in case the vendors decide that they can find another allowed "good" and apply more cost to this than is justified.

Internet with Bundled Content

We strongly suggest that the Commission strengthen its position regarding Internet Access with bundled content. The position taken appears to be proper. The intent can probably be made clearer and fairer when the price is compared to what is readily available in a local market for Internet Access compared to the Bundled Access. This would eliminate abuse that bills Internet Access at \$2500 but includes things like firewalls and help desks at no charge.

30% Benchmark

We believe that the 30% benchmark of ineligible service as a trigger to allow or disallow an application should remain in place. The level is one that is a known amount. This marks a good check to reduce the number of known ineligible services that may be requested. Without some level what is to prevent an entity from requesting everything and hoping that the staff misses some. This greatly reduces the administrative burden and is a fair level.

ADA Compliance

We do not agree that the program should require that the Schools and Libraries complete another certification for ADA compliance. This would be redundant since State and Federal regulations currently require the entities to comply with ADA. This also then makes the program a policeman for other requirements beyond the intent of the program.

Consortia

We can understand the desires of the members of the different consortia to expand their networks and use whatever means possible to do so. Rural areas find this to be even more important because of the lack of resources that may be available at this time. We believe however that expanding the definition would also expand the administrative requirements an unduly amount. We believe that the expansion of the definition could also expand the potential for fraud and require an inordinate amount of capital that would otherwise be used for other request in different priorities. The expanding of this type of definition has the potential of transferring too much to the highest priority at the expense of priority two and three.

Choice of Payment Method

The current method of billing for services is now understood but can be burdensome. Some of the larger service providers do not even offer the option of having the discounted portions billed directly to the carrier. At the same time some billed entities do not file their form 486 on time even though the service provider has been pressured to start the work involved. All service providers should be required to accept payment for the discounted portion directly from the SLC when the proper Forms have been filed. Extending the period that may be taken to return funds from a BEAR form may be appropriate. 20 days would seem to be plenty of time.

Equipment Transferability

We encourage the Commission to enact rules to cover the gray area of transferring equipment from eligible locations to ineligible locations. This has been done since the program was initiated because the program has been silent on the issue. The plan to require three years of use is a good step. What is wrong with requiring that the equipment stay where intended for its useful life? Most network equipment with the exception of servers should have a useful life of up to seven years.

The suggestion that billed entities not receive funds but every second or third year for Internal Connections seems to us to be a legitimate response. We would also like the Commission to look at what has been requested in prior years by the billed entity. While the situation exists that the same networks or improvements may have legitimate need to be requested more than once, there are a number of cases that it seems the billed entity requested the same thing each year. A network should have a life from 5 to 7 years and if we adhered to this plan the program could be shared by many more billed entities. The exception is when approval for a year's request does not happen before the deadline for the next year. Such was the case for year 4 and 5. In those instances the same request was filed a second time. Most of the request for the second year will be returned to the program.

Should the Commission limit the number of years between fund approval for Internal Wiring, caution should be taken to make sure that the service provider is funded to maintain the equipment involved. It may be appropriate to move the maintenance of the network equipment to a different classification. Consideration should be made to moving it to a priority II.

Excess Services in Remote Areas

We agree with the concern expressed regarding service to remote areas. We focus on Schools in very remote areas of the Southwest. Internet is available in one form or another in these locations. The opening up of the rules to include non-educational entities would open the program to fraud. This will also significantly increase the burden for administrative oversight that will simply reduce the funds available for the designated purpose. We therefore support maintaining the rules as they exist and leave the program open for educational purposes only.

Enforcement Tools

Independent Audits. We support the Commissions desire to improve the verification that the funds are being spent properly. The independent audit seems like an appropriate means but how can it be funded? While we support the intent, we question the fairness of charging the billed entity of the service provider without significant proof that fraud has been committed. The smaller entities in particular could have a very difficult time paying for the audit, and some of the smaller service providers could simply close their door if the exposure were too great.

We would suggest that a plan be considered if after an investigation was completed that it was found that the billed entity and/or the service provider had committed a fraud then the cost of the entire investigation including the audit be collected from the violating party.

Prohibitions on Participation. We strongly support the Commission and their attempt to bar billed entities and service providers who willfully violate the rules. This is a step that has been too long coming and is very necessary to assure the continued integrity of the program. Fraud and/or abuse hurt all of us that work within the program. We suggest that the Commission be allowed the leeway necessary to establish the length of any suspension. While a one or two year suspension would be appropriate for an initial willful violation, longer times and permanent

banishment would seem proper for repeat offenders. The penalties should be set against both the billed entities and the service providers and should also be imposed down to the individual level. This would prevent the offender from simply creating a new company or moving to a new school to do the same thing again.

We also encourage the Commission to continue the use and take action to increase the awareness of the Whistleblowers Hot Line.

UNUSED FUNDS

Finally we wish to state in the strongest possible terms that the unused funds from one year to the next should not be used to reduce the contribution of the carriers but instead be added to the \$2.25 billion cap for the next year. Each of the past two years we have had announcements that the amount requested far exceeds the amount available. Yet we have returned monies to the contributors. The program does not seem to be ambiguous to us but instead seems to be very clear that the intent is to use all of these funds to provide network services to our schools and libraries. The thought may be too simple but it seems that funds not spent by a given deadline (unless extended by appeal) are added to the \$2.25 billion in subsequent years. More requests are covered at even lower discount levels.

Returning the monies to the carriers seems to us to be opposed to the intent and fairness of the program.